

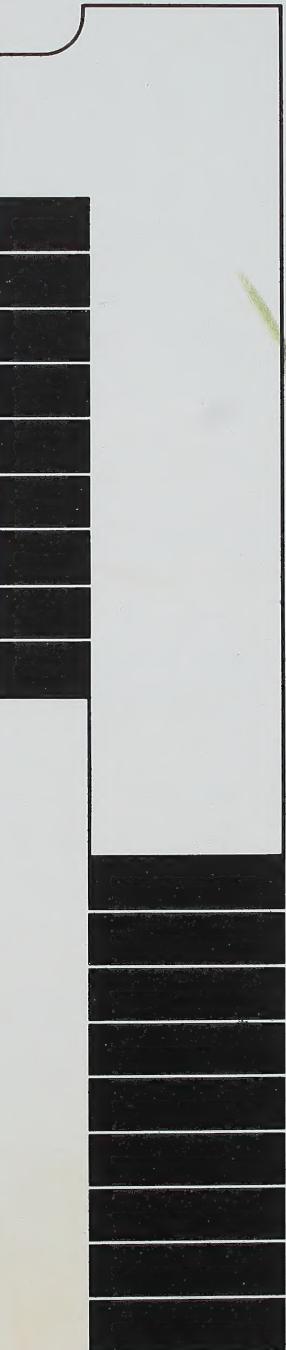
AR02

CLASSIFIED INVESTMENT FUNDS
FOR PENSION TRUSTS
for the year ended March 31, 1971

15TH
ANNUAL REPORT



File
under Royal Trust 60





FINANCIAL HIGHLIGHTS

	March 31, 1961	March 31, 1966	March 31, 1971
Number of Participants	196	429	700
Average Monthly Contributions	\$ 1,185,000	\$ 5,710,000	\$ 3,520,000
Net Assets — Market Value	\$42,820,000	\$262,062,000	\$380,656,000

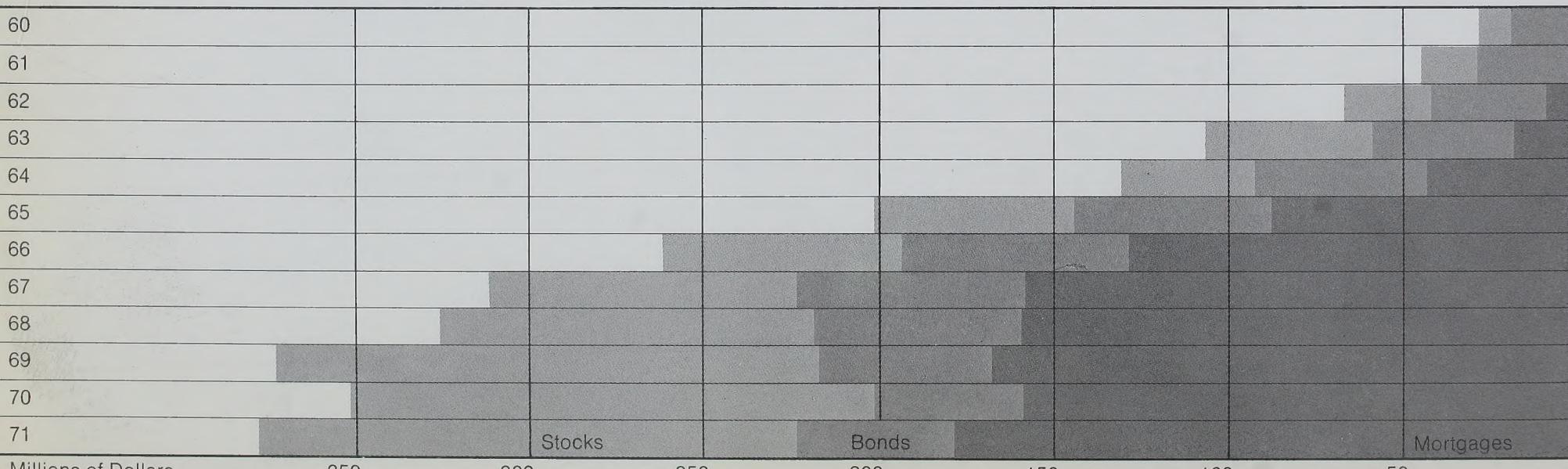


YEAR END PRICES AND MARKET YIELDS

Canadian Common Stock Fund	Foreign Common Stock Fund	Government Bond Fund	Corporate Fixed Income Fund	Conventional Mortgage Fund	N.H.A. Mortgage Fund
\$15.2237	\$11.1355	\$ 7.7422	\$ 8.1933	\$ 8.8694	\$ 9.2197
3.02%	1.46%	8.08%	8.62%	9.05%	9.01%



COMBINED NET ASSETS MARKET VALUE as at March 31st of fiscal year ends of the funds



Millions of Dollars

350

300

250

200

150

100

50

Mortgages

Stocks

Bonds

Sur demande, nous ferons volontiers parvenir un exemplaire français du rapport annuel.



O: THE PARTICIPANTS . . .

IN THE CLASSIFIED INVESTMENT FUNDS FOR PENSION TRUSTS

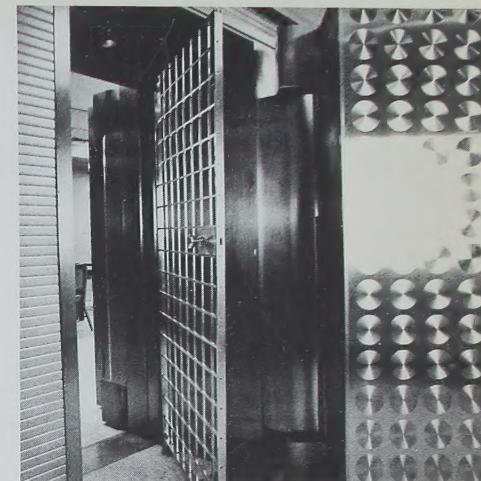
The Royal Trust Company is pleased to present the 15th Annual Report of the Funds for the year ended March 31, 1971. At that date the combined market value of the six funds was \$380,656,000. This compares with \$352,301,000 for the previous fiscal year end. A significant improvement in the market values of fixed income securities during the last half of the Funds' fiscal year contributed to the year-to-year increase in the overall market value. New money contributions to the Funds averaged \$3,524,000 per month of which about 60% was directed to the common stock funds and 30% to the mortgage funds. During the year 41 new participating plans initiated contributions to the Classified Funds.

The past fiscal year was unique in the relatively brief history of pooled pension funding in Canada and a number of emerging trends and changes were reflected in the money flows of individual funds. Many participating funds that have been directing total cash flows to

common stock units reached predetermined objectives and have stabilized their position by redirecting unit purchases to maintain their current mix between fixed income securities and equities. Prompted by high mortgage yields and recognition of the role pension funds can play in the financing of residential construction in Canada the mortgage funds attracted an increased proportion of new funds in the latter half of the year. A number of "top hat" executive pension plans were compelled to terminate during the year by new government regulations. These and other normal terminations placed demand for liquidity on all funds which was promptly met in spite of the difficult market circumstances prevailing during most of the year and without effect on the investment operations of the funds. The flexibility and convenience of the Classified Investment funds under trying circumstances was demonstrated.

In May 1970 the Declaration of Trust was amended to permit a ten for one subdivision of participants' units and this became effective on June 1, 1970. While this move has no direct effect on the management of the funds, it permits participating trusts to enjoy a more complete employment of money received for investment.

During the first half of 1970, economic activity in Canada and the United States reflected government monetary policy directed at curbing inflation. The restrictive stance in government policy was maintained longer than expected and combined with a liquidity squeeze in mid-1970 to bring on a collapse in overall confidence which resulted in a sharp decline in stock prices to 1961 levels and historic highs in interest rates. The government measures to contain inflation enabled Canada to show the best record of any western nation in consumer prices but less success was evident with wage inflation. Unemployment became an increasingly serious problem. After mid-year, government policy shifted toward stimulation of the economy and this was reflected in advancing stock prices and lower interest rates.





We believe that 1971 will be a year of moderate recovery and expect that government policy, both in Canada and the United States, will continue to be expansionary. In view of the major expansion that has already taken place in the money supply, we expect that more attention will be directed to fiscal measures. As confidence improves, we anticipate greater economic strength in the latter part of the year and more pronounced expansion in 1972. However, while the economy is underutilized at present and can take major stimulation, the problems of inflation are unrelenting and cannot be forgotten.

The past two years have been particularly trying for the investment community in North America. We have seen stock prices rise to new highs accompanied by excess optimism followed by precipitous decline and recovery to current levels. The performance of investment portfolios over this relatively short period has been disappointing and has generated a reassessment of investment management objectives, strategy and techniques that is produc-

ing worthwhile and productive results. Your fund managers have made important changes in the portfolio management procedures of the Classified Funds. New specific performance goals have been established and appropriate measures taken to pursue attainment of these objectives.

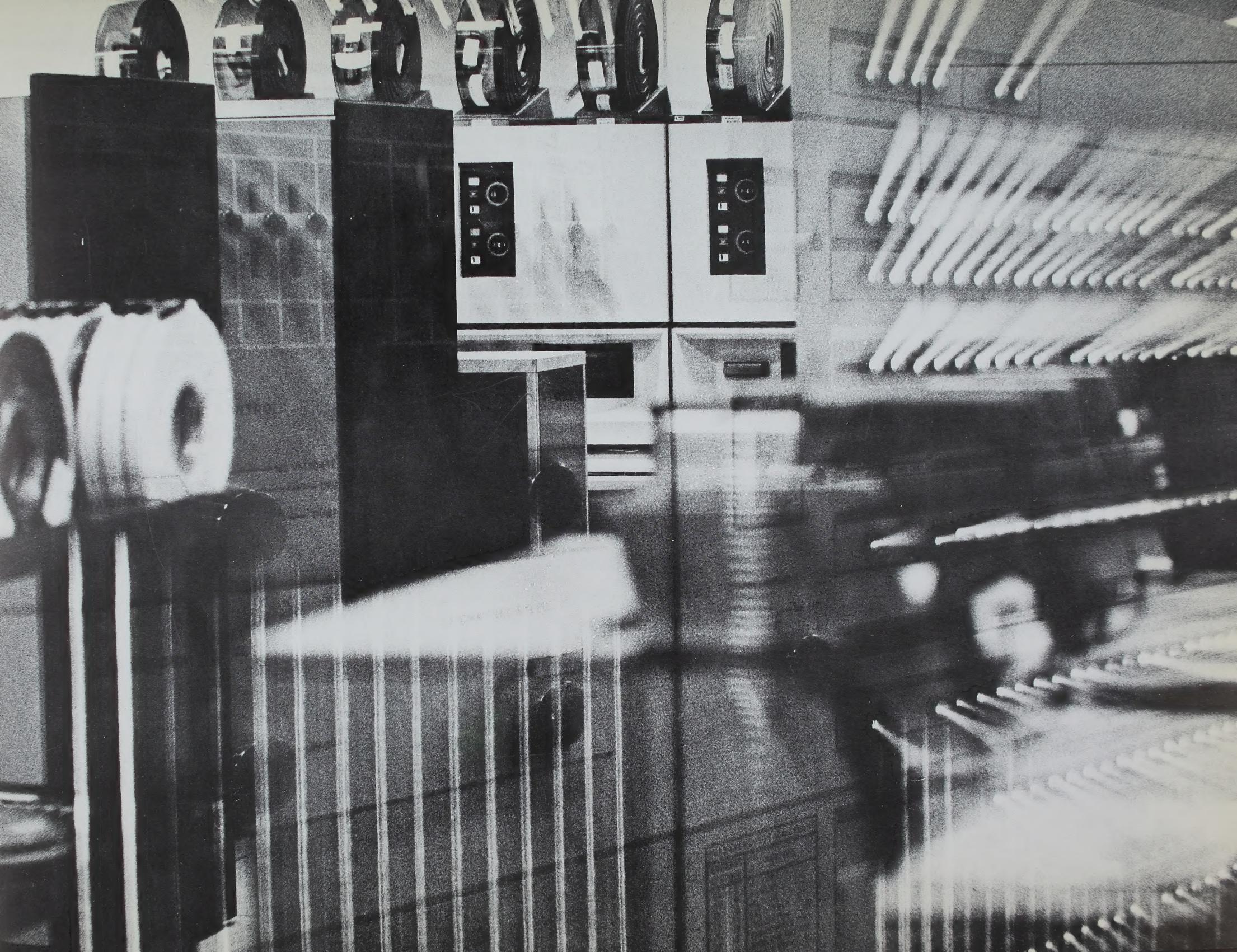
CANADIAN COMMON STOCK FUND

Stock market prices in Canada as measured by the Toronto Stock Exchange indices were at one point in 1970, some 24% below highs established earlier in the year. As frequently happens, the market appears to have overreacted and the subsequent recovery represented a return by investors to a more optimistic viewpoint on the outlook for business in the seventies. The unit value of the Canadian Common Stock Fund at March 31, 1971, was 15.2237. This represents a 23% recovery from the June 30 low of 12.3354 and compares with 15.3896 a year earlier. During the year investment activity involved restructuring the portfolio to place strong emphasis on those equities which will benefit most from improving economic conditions in 1971 and 1972. Particular attention has been directed as well to marketability and corporate financial strength. A number of issues which do not meet the requirements and objectives of the portfolio are being sold as opportunities develop.

FOREIGN COMMON STOCK FUND

The year ended March 31, 1971, witnessed some of the most spectacular fluctuations in the U.S. stock market since 1929 and the performance of the Classified Foreign Fund was not immune to such price movements. The release of the Canadian dollar from a fixed rate of exchange and its subsequent upward revaluation in foreign exchange markets had a severe impact on the unit values of the Classified Foreign Fund which are expressed in Canadian dollars. The unit value at March 31, 1971, declined 6.3% to \$11.1355 from \$11.8838 a year earlier about equivalent to the percentage change in the exchange rate on U.S. funds.

In the course of the year, the Fund underwent a major restructuring to bring the underlying securities into line with an investment policy appropriate to the changing economic conditions in the U.S. with the result that a sharp recovery of some 39% was experienced from the low point of the end of June 1970 to March 31, 1971.



The majority of the Fund's assets consists of high quality, long term growth issues which we feel will yield superior performance over the long term.

We view the prospects for the U.S. economy in the current year as favourable and while not underestimating how much of this recovery may have already been discounted in the Stock Market, we feel confident that the mixture of securities at present in the portfolio is such that an above-average performance may be anticipated for the year ending March 31, 1972.

GOVERNMENT BOND FUND CORPORATE FIXED INCOME FUND

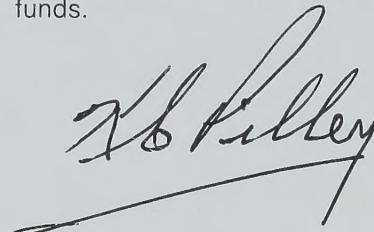
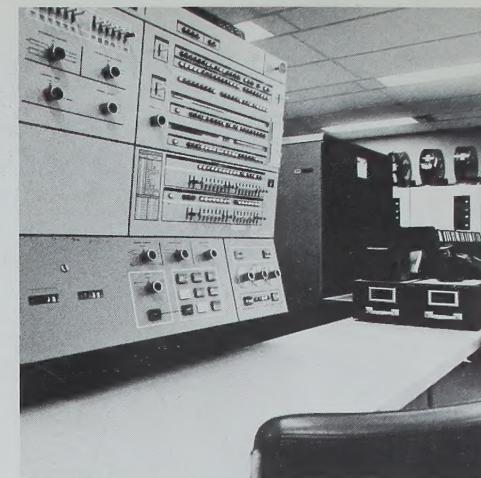
The sharp decline in interest rates which occurred during the latter half of the fiscal year had a favourable impact of the unit prices of the Government Bond Fund and Corporate Fixed Income Fund which increased 15% and 11% respectively over the year. While this represents a significant reversal of a long term upward trend in interest rates it would be unrealistic to expect a similar move in the coming year. Nevertheless, we believe that the aggressive bond trading policies followed in the management of these funds with emphasis on yield enhancement will continue to make them rewarding fixed income investment vehicles.

CONVENTIONAL MORTGAGE FUND N.H.A. MORTGAGE FUND

A greater interest in mortgages as pension fund investments developed during the year. This was stimulated by high interest rates and encouraged by the government as a significant source of funds for the financing of their expanded housing program. The mortgage funds provide participants with the opportunity to share in a large diversified mortgage portfolio on a continuing contribution program and overcome the problems inherent in maintaining a modest portfolio of individual mortgage investments, particularly those related to maintaining satisfactory diversification of geographical location, mortgage covenants and terms. The ongoing problem of reinvestment of small individual principal repayments is avoided.

During the year, new contributions to the Conventional Mortgage fund totalled \$12,129,300 and to the N.H.A. fund \$1,145,600. Conventional Mortgage rates declined from a prime rate of 10.50% at March 31, 1970 to 9.00%

at March 31, 1971. The move contributed to the 8.9% increase in the Conventional Mortgage fund unit value to \$8.8694 at year end compared with \$8.1396 at March 31, 1970. The N.H.A. Mortgage fund unit value moved from \$8.7436 at March 31, 1970, to \$9.2197 at year end, an increase of 5.5%. The decrease in mortgage rates was not as dramatic as in other fixed income vehicles due to the high level of demand for financing that was experienced as rates approached the 9.00% level. This resulted in a modest widening of the normal interest rate differential between mortgage loans and long-term bonds. Consequently unit values did not increase as markedly as for the bond funds.



Assistant Vice-President
Pension Trust

AUDITORS' REPORT

To The Royal Trust Company,
Trustee for Classified Investment Funds
for Pension Trusts,

We have examined the statements of financial position and the schedules of investments of The Royal Trust Company Classified Investment Funds for Pension Trusts Government Bond Fund, Corporate Fixed Income Fund, Canadian Common Stock Fund, Foreign Common Stock Fund, N.H.A. Mortgage Fund and Conventional Mortgage Fund, as at March 31, 1971 and the statements of income and expenditure and investment transactions for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the funds as at March 31, 1971 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Quebec
May 14, 1971

Riddell, Stead & Co.

Riddell, Stead & Co.
Chartered Accountants
630 Dorchester Blvd. W.
Montreal 101, P.Q.



CANADIAN COMMON STOCK FUND

STATEMENT OF FINANCIAL POSITION as at March 31

	1971	1970
ASSETS		
Investments at cost	\$ 98,939,532	\$101,778,766
Unrealized appreciation (depreciation)	16,557,566	11,309,383
INVESTMENTS AT MARKET VALUE	115,497,098	113,088,149
Cash	10,107,508	1,484,843
Due from investment dealers	112,659	—
Accrued income receivable	435,851	342,499
OTHER ASSETS	10,656,018	1,827,342
TOTAL ASSETS	126,153,116	114,915,491
LIABILITIES		
Income payable to participants	421,827	310,116
Due to investment dealers	1,166,553	1,221,906
Accrued expenses	—	2,029
TOTAL LIABILITIES	1,588,380	1,534,051
NET ASSETS AT MARKET VALUE	\$124,564,736	\$113,381,440
EQUITY		
Net subscriptions received	\$106,961,559	\$ 95,857,045
Net realized gains (losses)	1,045,611	6,215,012
Net unrealized appreciation (depreciation)	16,557,566	11,309,383
PARTICIPANTS' EQUITY	\$124,564,736	\$113,381,440
UNITS OUTSTANDING*	8,182,241	7,367,400
UNIT PRICES*	\$ 15.2237	\$ 15.3896

STATEMENT OF INCOME AND EXPENDITURE for the year ended March 31

	1971	1970
INCOME	\$ 4,079,404	\$ 3,577,572
EXPENSES	2,875	3,000
NET INCOME	\$ 4,076,529	\$ 3,574,572

*1970 figures restated to reflect 10 for 1 subdivision of units as at June 1, 1970

STATEMENT OF UNIT VALUATIONS AND INCOME	Unit Price	Unit Income
April 1970*	\$14.0706	\$.0117443
May*	12.5904	.0494292
June	12.3354	.0694554
July	13.0478	.0391117
August	13.2129	.0513540
September	13.7417	.0387427
October	13.5018	.0299888
November	13.9040	.0608248
December	14.4471	.0492322
January 1971	14.7385	.0271646
February	14.7415	.0418116
March	15.2237	.0516682

Unit prices are established as at the close of business on the last day of the month and are used for the purchase or redemption of units, as at the first business day of the following month.

Unit income represents each unit's proportionate share of net income of the fund during the month indicated and is distributed to participants as at the first business day of the following month.

*Figures restated to reflect 10 for 1 subdivision of units

STATEMENT OF INVESTMENT TRANSACTIONS for the year ended March 31	1971	1970
Investments at cost at beginning of year	\$101,778,766	\$ 80,805,979
Purchases	20,833,867	28,499,129
Sales	(23,673,101)	(7,526,342)
Investments at cost at end of year	\$ 98,939,532	\$101,778,766


CANADIAN COMMON STOCK FUND

Number of Shares	Schedule of Investments as at March 31, 1971	Market Value	Market %
	COMMON STOCKS		
	BANKS		
200,000	Bank of Montreal	\$ 3,000,000	
20,000	The Bank of Nova Scotia	497,500	
50,000	Banque Canadienne Nationale	643,750	
180,000	Canadian Imperial Bank of Commerce	4,027,500	
190,000	Royal Bank of Canada	4,940,000	
		13,108,750	11.3
	BEVERAGES & TOBACCO		
105,000	Distillers Corp. — Seagram Ltd.	5,578,125	
85,600	John Labatt Ltd.	1,722,700	
105,000	Hiram Walker — Gooderham & Worts Ltd.	3,911,250	
36,600	Molson Industries Ltd. "A"	622,200	
		11,834,275	10.2
	BUILDING & CONSTRUCTION		
70,000	Atco Industries Ltd.	630,000	
70,000	Genstar Ltd.	831,250	
79,500	Weldwood of Canada Ltd.	1,351,500	
		2,812,750	2.4
	CHEMICALS		
149,300	Chemcell Ltd.	731,570	.6
	COMMUNICATIONS — PUBLISHING		
36,970	Southam Press Ltd.	2,162,745	1.9
	FOREST PRODUCTS		
268,000	Abitibi Paper Co. Ltd.	1,842,500	
68,500	Consolidated Bathurst Ltd.	625,063	
52,800	MacMillan Bloedel Ltd.	1,399,200	
		3,866,763	3.3
	MERCHANDISING		
187,000	Simpsons Ltd.	3,646,500	
120,000	Steinbergs Ltd. "A"	2,010,000	
		5,656,500	4.9
	MINES & METALS		
150,000	Alcan Aluminium Ltd.	3,675,000	
20,000	Cominco Ltd.	490,000	
30,000	Falconbridge Nickel Mines Ltd.	4,425,000	
150,000	The International Nickel Company of Canada Ltd.	6,712,500	
33,500	Labrador Mining & Exploration Co. Ltd.	1,314,875	
120,000	Noranda Mines Ltd.	4,290,000	
70,000	Placer Development Ltd.	2,380,000	
30,000	Rio Algom Mines Ltd.	622,500	
		23,909,875	20.7
	MISCELLANEOUS		
33,600	Canadian Pacific Railway Co.	2,200,800	
62,000	Canadian Cable Systems Ltd.	682,000	
95,000	International Utilities Corp.	4,025,625	
114,200	Moore Corp. Ltd.	4,282,500	
		\$ 11,190,925	9.7

Number of Shares	Schedule of Investments as at March 31, 1971	Market Value	Market %
	OIL & GAS SENIOR COMPANIES		
170,000	Gulf Oil Canada Ltd.	\$ 3,867,500	
100,000	Imperial Oil Ltd.	2,112,500	
		5,980,000	5.2
	OIL & GAS JUNIOR COMPANIES		
29,100	Cdn. Superior Oil Co.	1,127,625	
20,000	Dome Petroleum Ltd.	1,760,000	
70,000	Hudson's Bay Oil & Gas Co. Ltd.	3,158,750	
135,000	Husky Oil Ltd.	2,210,625	
34,400	Union Oil Co. of Canada Ltd.	1,453,400	
		9,710,400	8.4
	PIPELINES		
15,000	Interprovincial Pipe Line Co.	420,000	.4
	REAL ESTATE		
100,000	M.E.P.C. Canadian Properties Ltd.	625,000	
100,000	M.E.P.C. Canadian Properties Ltd. Warrants	215,000	
		840,000	.7
	STEEL		
200,000	Dominion Foundries & Steel Ltd.	5,175,000	
200,000	The Steel Co. of Canada Ltd.	5,650,000	
		10,825,000	9.4
	UTILITIES		
130,000	Bell Canada	6,337,500	
147,500	The Consumers Gas Co.	2,931,563	
		9,269,063	8.0
	SPECIAL SITUATIONS		
18,000	Auto Electric Service Co.	94,500	
30,000	Bankeno Mines Ltd.	187,500	
15,000	Bethlehem Copper Corp. Ltd.	273,750	
23,529	Brameda Resources Ltd.	56,470	
30,000	C.A.E. Industries Ltd.	132,000	
57,466	Consolidated Computer Services Ltd. (in escrow)	363,760	
28,074	Consolidated Computer Services Ltd.	266,703	
26,000	D'Allairds Manufacturing Co.	201,500	
10,000	Edson Holdings Ltd. Red. Conv. Pfd.	100,000	
10,000	Edson Holdings Ltd.	1,000	
50,000	Great Lakes Nickel Ltd.	87,500	
5,600	Identicard Ltd.	33,600	
70,000	Identicard Ltd. Conv. Sec. "A"	70,000	
15,000	International Systcoms Ltd.	12,750	
30,000	Lornex Mining Corp. Ltd.	294,000	
40,000	Microsystems International Ltd.	178,000	
15,000	Rietmans (Canada) Ltd.	322,500	
7,545	Rietmans (Canada) Ltd. "A"	133,924	
6,900	Supertest Petroleum Corp. Ltd.	291,525	
20,000	Versatile Manufacturing Ltd. "A"	46,000	
10,000	Versatile Manufacturing Ltd.	31,500	
		3,178,482	2.9
		\$115,497,098	100.0%

Yield on Fund Based on Indicated Dividends

3.02%

FOREIGN COMMON STOCK FUND

STATEMENT OF FINANCIAL POSITION as at March 31

	1971	1970
ASSETS		
Investments at cost	\$ 27,460,611	\$ 43,268,148
Unrealized appreciation (depreciation)*	(554,260)	(6,337,885)
INVESTMENTS AT MARKET VALUE	26,906,351	36,930,263
Cash	446,592	(48,867)
Due from investment dealers	4,921,416	686,273
Accrued income receivable	55,877	45,571
OTHER ASSETS	5,423,885	682,977
TOTAL ASSETS	32,330,236	37,613,240
LIABILITIES		
Income payable to participants	50,273	36,248
Due to investment dealers	630,953	453,488
Accrued expenses	1,959	2,193
TOTAL LIABILITIES	683,185	491,929
NET ASSETS AT MARKET VALUE	\$ 31,647,051	\$ 37,121,311
EQUITY		
Net subscriptions received	\$ 37,673,080	\$ 40,390,873
Net realized gains (losses)*	(5,471,769)	3,068,323
Net unrealized appreciation (depreciation)	(554,260)	(6,337,885)
PARTICIPANTS' EQUITY	\$ 31,647,051	\$ 37,121,311
UNITS OUTSTANDING**	2,841,999	3,123,690
UNIT PRICES**	\$ 11.1355	\$ 11.8838

STATEMENT OF INCOME AND EXPENDITURE for the year ended March 31

	1971	1970
INCOME less U.S. withholding tax	\$ 732,226	\$ 817,099
EXPENSES	1,500	1,845
NET INCOME	\$ 730,726	\$ 815,254

* Changes in U.S. Exchange Rate in the year ended March 31, 1971, resulted in the following Foreign Exchange losses; realized \$1,870,000; unrealized \$920,000.

**1970 figures restated to reflect 10 for 1 subdivision of units as at June 1, 1970

STATEMENT OF UNIT VALUATIONS AND INCOME		Unit Price	Unit Income
April 1970*		\$10.0276	\$.0049949
May*		9.1640	.0416010
June		8.0239	.0133569
July		8.5427	.0104793
August		8.8276	.0298981
September		9.2364	.0258501
October		8.8506	.0275372
November		9.2194	.0277894
December		9.7180	.0109093
January 1971		10.3050	.0054655
February		10.3830	.0275442
March		11.1355	.0176832

Unit prices are established as at the close of business on the last day of the month and are used for the purchase or redemption of units, as at the first business day of the following month.

Unit income represents each unit's proportionate share of net income of the fund during the month indicated and is distributed to participants as at the first business day of the following month.

*Figures restated to reflect 10 for 1 subdivision of units

STATEMENT OF INVESTMENT TRANSACTIONS for the year ended March 31		1971	1970
Investments at cost at beginning of year		\$ 43,268,148	\$ 42,251,784
Purchases		19,568,799	48,960,098
Sales		(35,376,336)	(47,943,734)
Investments at cost at end of year		\$ 27,460,611	\$ 43,268,148

FOREIGN COMMON STOCK FUND

Par Value	Schedule of Investments as at March 31, 1971	Market Value	Market %
	CONVERTIBLE BONDS		
\$250,000	Memorex Corp. (5.25% due 1/04/90)	\$ 192,500	.7
Number of Shares			
	PREFERRED STOCKS		
50,000	Kinney National Services Conv. "C" — 5% P.V. \$1.00	606,250	2.3
	COMMON STOCKS		
	AMUSEMENTS		
1,800	Mattel Inc.	78,525	
8,000	Polaroid Corp.	732,000	
		810,525	3.0
	BANKS, TRUST & MORTGAGE COMPANIES		
10,000	American Express Co.	950,000	3.6
	BUILDING & CONSTRUCTION		
22,000	Bath Industries Inc.	602,250	
10,400	Evans Products Co.	452,400	
3,000	Corning Glass Works	730,500	
15,000	Kaufman & Broad Inc.	856,875	
		2,642,025	9.8
	CHEMICALS		
20,000	Nalco Chemicals Co.	995,000	3.7
	DRUGS, SOAPS & TOILETRIES		
30,000	American Hospital Supply Corp.	1,087,500	
30,000	Baxter Laboratories Inc.	911,250	
25,000	Becton Dickinson & Co.	1,046,875	
5,000	Lilly (Eli) & Co.	621,250	
15,000	Johnson & Johnson	1,158,750	
		4,825,625	18.0
	ELECTRICAL & ELECTRONIC EQUIPMENT		
15,000	International Telephone & Telegraph Corp.	885,000	3.3
	FINANCE & LOAN COMPANIES		
130	Unicapital Corp.	5,168	—
	FOODS		
25,000	Consolidated Foods Corp.	1,140,625	4.3
	INSURANCE		
19,400	Continental Corp.	848,750	3.2
	LIGHT MACHINERY & METAL PRODUCTS		
15,000	Black & Decker Mfg. Co.	1,038,750	
25,000	Monarch Machine Tool Co.	518,750	
		\$ 1,557,500	5.8

Number of Shares	Schedule of Investments as at March 31, 1971	Market Value	Market %
	MERCHANDISING		
385	Lucky Stores Inc.	\$ 16,314	.06
	MINES & METALS		
10,000	Kennecott Copper Corp.	391,250	1.5
	MISCELLANEOUS		
8,000	Minnesota Mining & Mfg. Co.	902,000	3.4
	NEWSPAPERS PRINTING & PUBLISHING		
52,000	Crowell Collier & MacMillan Inc.	702,000	
40,000	McGraw Hill Inc.	825,000	
20,000	Times-Mirror Co.	917,500	
		2,444,500	9.2
	OFFICE EQUIPMENT & SUPPLIES		
10,000	Burroughs Corp.	1,195,000	
2,000	Int. Business Machines Corp.	715,000	
10,000	Xerox Corp.	1,060,000	
		2,970,000	11.1
	OIL & GAS SENIOR COMPANIES		
25,000	Atlantic Richfield Co.	1,690,625	
10,000	Getty Oil Co.	852,500	
		2,543,125	9.5
	SERVICES		
20,000	Holiday Inns Inc.	852,500	
625	Holiday Inns Inc. (Escrow)	18,649	
10,000	Kentucky Fried Chicken	213,750	
		1,084,899	4.1
	TIRE & RUBBER COMPANIES		
30,000	Uniroyal Inc.	577,500	2.2
	TRANSPORTATION		
20,000	Seatrain Lines Inc.	317,500	1.2
	Total Securities — U.S. Funds	26,706,056	100.0
	Premium at 0.750%	200,295	
		\$ 26,906,351	

Yield on Fund Based on Indicated Dividends

1.46%

GOVERNMENT BOND FUND

STATEMENT OF FINANCIAL POSITION as at March 31

	1971	1970
ASSETS		
Investments at cost	\$ 3,352,798	\$ 4,026,952
Unrealized appreciation (depreciation)	75,186	(506,961)
INVESTMENTS AT MARKET VALUE	3,427,984	3,519,991
Cash	924,660	304,488
Accrued income receivable	88,617	107,144
OTHER ASSETS	1,013,277	411,632
TOTAL ASSETS	4,441,261	3,931,623
LIABILITIES		
Income payable to participants	27,095	27,920
Accrued expenses	180	420
TOTAL LIABILITIES	27,275	28,340
NET ASSETS AT MARKET VALUE	\$ 4,413,986	\$ 3,903,283
EQUITY		
Net subscriptions received	\$ 6,142,939	\$ 6,226,317
Net realized gains (losses)	(1,804,139)	(1,816,073)
Net unrealized appreciation (depreciation)	75,186	(506,961)
PARTICIPANTS' EQUITY	\$ 4,413,986	\$ 3,903,283
UNITS OUTSTANDING*	570,118	581,840
UNIT PRICES*	\$ 7.7422	\$ 6.7085

STATEMENT OF INCOME AND EXPENDITURE for the year ended March 31

	1971	1970
INCOME	\$ 333,302	\$ 355,279
EXPENSES	182	219
NET INCOME	\$ 333,120	\$ 355,060

*1970 figures restated to reflect 10 for 1 subdivision of units as at June 1, 1970

STATEMENT OF UNIT VALUATIONS AND INCOME

	Unit Price	Unit Income
April 1970*	\$ 6.7371	\$.0483240
May*	6.7156	.0466131
June	6.7485	.0470902
July	6.8644	.0499394
August	6.8822	.0482656
September	6.8995	.0468716
October	6.8919	.0487706
November	7.0952	.0460291
December	7.3578	.0528567
January 1971	7.7989	.0519866
February	7.7380	.0442552
March	7.7422	.0475245

Unit prices are established as at the close of business on the last day of the month and are used for the purchase or redemption of units, as at the first business day of the following month.

Unit income represents each unit's proportionate share of net income of the fund during the month indicated and is distributed to participants as at the first business day of the following month.

*Figures restated to reflect 10 for 1 subdivision of units

STATEMENT OF INVESTMENT TRANSACTIONS for the year ended March 31

	1971	1970
Investments at cost at beginning of year	\$ 4,026,952	\$ 6,362,206
Purchases	8,385,283	9,768,449
Sales	(9,059,437)	(12,103,703)
Investments at cost at end of year	\$ 3,352,798	\$ 4,026,952

GOVERNMENT BOND FUND

Par Value	Schedule of Investments as at March 31, 1971	Coupon Rate %	Maturity Date	Market Value
PROVINCIAL & PROVINCIAL GUARANTEED				
\$750,000	Hydro-Electric Power Comm. of Ont.	9.00	01/04/94	\$ 832,500
150,000	Hydro-Electric Power Comm. of Ont.	9.00	30/06/95	166,500
250,000	New Brunswick	7.75	01/03/96	241,875
100,000	New Brunswick/Retractable 74/	9.50	02/03/90	110,875
100,000	Newfoundland	9.75	15/11/90	108,000
500,000	Nova Scotia	9.25	15/07/90	545,000
190,000	Ontario	5.50	15/08/85	160,550
150,000	Quebec	9.50	02/12/95	162,000
50,000	Quebec	7.50	15/09/93	46,688
1,000	Quebec	5.75	01/02/86	795
150,000	Quebec Hydro	5.00	15/11/79	123,938
250,000	Saskatchewan	8.75	01/12/90	268,438
				2,767,159
MUNICIPAL & MUNICIPAL GUARANTEED				
78,000	Baie Comeau	5.50	01/12/78	65,325
100,000	Montreal/RET 75/	9.50	01/12/90	106,000
300,000	Montreal R.C. School	6.50	01/11/88	250,500
100,000	Pointe Claire	5.75	01/05/83	80,000
200,000	Toronto Metro	6.00	01/03/97	159,000
				660,825
				\$ 3,427,984

Average Yield to Maturity on Fund Holdings at Par Value 8.08%


CORPORATE FIXED INCOME FUND
STATEMENT OF FINANCIAL POSITION as at March 31

	1971	1970
ASSETS		
Investments at cost	\$ 42,800,317	\$ 44,197,354
Unrealized appreciation (depreciation)	(4,782,223)	(9,363,450)
INVESTMENTS AT MARKET VALUE	38,018,094	34,833,904
Cash	640,210	41,682
Due from investment dealers	956,715	277,101
Accrued income receivable	917,690	882,749
OTHER ASSETS	2,514,615	1,201,532
TOTAL ASSETS	40,532,709	36,035,436
LIABILITIES		
Income payable to participants	262,706	253,459
Due to investment dealers	400,000	3,975
Accrued expenses	1,540	1,800
TOTAL LIABILITIES	664,246	259,234
NET ASSETS AT MARKET VALUE	\$ 39,868,463	\$ 35,776,202
EQUITY		
Net subscriptions received	\$ 49,354,276	\$ 49,157,801
Net realized gains (losses)	(4,703,590)	(4,018,149)
Net unrealized appreciation (depreciation)	(4,782,223)	(9,363,450)
PARTICIPANTS' EQUITY	\$ 39,868,463	\$ 35,776,202
UNITS OUTSTANDING*	4,865,971	4,839,570
UNIT PRICES*	\$ 8.1933	\$ 7.3924

STATEMENT OF INCOME AND EXPENDITURE for the year ended March 31

	1971	1970
INCOME	\$ 3,022,261	\$ 3,207,351
EXPENSES	1,505	1,833
NET INCOME	\$ 3,020,756	\$ 3,205,518

*1970 figures restated to reflect 10 for 1 subdivision of units as at June 1, 1970

CORPORATE FIXED INCOME FUND

STATEMENT OF UNIT VALUATIONS AND INCOME

	Unit Price	Unit Income
April 1970*	\$7.3995	\$.0506244
May*	7.3738	.0522306
June	7.4114	.0516347
July	7.5130	.0530899
August	7.5284	.0525231
September	7.5717	.0506406
October	7.5391	.0532072
November	7.6868	.0513117
December	7.8719	.0530078
January 1971	8.2618	.0533621
February	8.1799	.0485937
March	8.1933	.0539883

Unit prices are established as at the close of business on the last day of the month and are used for the purchase or redemption of units, as at the first business day of the following month.

Unit income represents each unit's proportionate share of net income of the fund during the month indicated and is distributed to participants as at the first business day of the following month.

*Figures restated to reflect 10 for 1 subdivision of units

STATEMENT OF INVESTMENT TRANSACTIONS for the year ended March 31

	1971	1970
Investments at cost at beginning of year	\$ 44,197,354	\$ 50,973,384
Purchases	13,988,503	11,778,703
Sales	(15,385,540)	(18,554,733)
Investments at cost at end of year	\$ 42,800,317	\$ 44,197,354

Par Value	Schedule of Investments as at March 31, 1971	Coupon Rate %	Maturity Date	Market Value
PROVINCIAL & PROVINCIAL GUARANTEED				
\$875,000	Churchill Falls (Labrador), 1st Mtge. "B"	7.875	15/12/07	\$ 778,750
250,000	Fundy Forest Ind. 1st Mtge. "A"	9.75	15/08/80	265,000
480,000	Hydro-Electric Power Comm. of Ont.	8.50	01/12/94	516,000
291,467	Mount Peyton Motel Gr. Falls Nfld.	6.50	15/04/86	247,747
100,000	New Brunswick/Ret. 75/	9.00	02/07/94	107,625
250,000	Newfoundland	9.75	15/11/90	270,000
300,000	Nova Scotia	9.25	15/07/90	327,000
200,000	Quebec	5.50	15/06/86	154,250
100,000	Quebec Debs	6.25	01/04/92	81,000
750,000	Quebec Hydro Debs Au	6.00	01/02/91	592,500
150,000	Saskatchewan	8.75	01/12/90	161,063
				3,500,935
MUNICIPAL & MUNICIPAL GUARANTEED				
250,000	Montreal/Ret. 75/	9.50	01/12/90	265,000
ASSOCIATIONS				
262,426	Royal Montreal Golf Club 1st Mtge.	6.00	01/11/83	202,068
COMMERCIAL				
36,561	Can. Dom. Leasing Ltd. Note	7.125	10/02/73	36,561
104,000	Creland Equip. Lessors Deb. "A"	6.50	15/02/74	99,580
61,400	Creland Equip. Lessors Deb. "C"	5.75	15/02/75	56,488
755,000	Dominion Stores Ltd. Deb. "D"	9.75	01/12/90	792,750
340,720	First Pacific Stations Note	6.125	01/04/84	268,317
185,000	Freiman A. J. Ltd. 1st Mtge. "B"	6.00	15/06/79	160,025
190,000	Gazette Printing Co. Ltd. 1st Mtge.	6.50	15/10/74	180,025
200,000	Loblaw Grocerterias Ltd. Debs "H"	6.75	15/03/91	170,000
300,000	Loblaw Grocerterias Ltd. Debs "G"	6.375	01/03/91	246,750
334,000	Owen Owen (Canada) Ltd. "A"	6.25	01/10/84	265,530
203,000	Owen Owen (Canada) Ltd. "B"	7.75	01/10/88	181,685
100,000	Reitmans (Canada) Ltd. Debs.	7.00	01/05/80	90,000
150,000	Reitmans (Canada) Ltd. Debs.	6.00	15/07/85	115,500
167,000	Rothmans of Pall Mall "A"	7.50	03/01/88	150,300
250,000	Simpsons Ltd. Ser "E"	5.75	15/07/85	195,625
100,000	Zellers Ltd. Deb. "B"	5.50	01/06/82	79,250
				3,088,386
FINANCIAL				
970,000	Beneficial Fin. Sr/Deb Ret./76	9.00	02/01/91	1,013,650
224,000	Credit Foncier	5.25	15/06/82	165,760
225,000	General Motors Accept. Corp. Can. Ltd.	6.25	15/11/77	202,500
300,000	Hudson's Bay Co. Acceptance Deb. "B"	5.75	01/11/83	231,750
270,000	Industrial Accept. Corp. Debs	6.75	15/08/84	226,800
300,000	Industrial Accept. Corp. Note X	5.75	15/11/81	237,750
280,000	Industrial Accept. Corp. Deb/Red 82/	9.50	15/10/92	295,400
400,000	Industrial Accept. Corp. Sec. Note Ser 31	5.75	01/03/85	302,000
400,000	Industrial Accept. Corp. Ext. Sec. Note	8.25	01/05/74	406,000
210,000	Industrial Accept. Corp. Deb. 1966	7.50	15/12/86	191,100
150,000	Int. Bank Reconstruction & Dev.	6.25	04/01/92	128,250
450,000	Int. Harvester Credit Corp. Can. "A"	5.75	01/03/82	348,750
250,000	Int. Harvester Credit Corp. Can. "B"	5.75	01/09/84	186,875
133,000	Laurentide Financial Deb. "5"	6.50	01/03/81	\$ 109,725


CORPORATE FIXED INCOME FUND

Par Value	Schedule of Investments as at March 31, 1971	Coupon Rate %	Maturity Date	Market Value
\$179,055	Leaseway Ltd. Note	7.00	21/11/72	\$ 179,055
330,000	Niagara Finance Co. Ltd. Note "1"	5.75	15/04/84	248,738
650,000	Niagara Finance Sec. Note Ser "3"	5.75	01/05/85	483,438
400,000	Niagara Finance Sec. Note Ser "2"	5.75	01/05/85	297,500
400,000	Power Corp. of Can. Ltd. Debs.	5.50	01/03/77	329,000
29,000	Roymor Ltd. "A"	7.75	01/11/78	28,130
245,000	Roynat Ltd. Deb. "A"	6.00	15/01/79	214,375
195,000	Roynat Ltd. Sec. Note "A"	5.50	15/03/80	161,850
250,000	Simpsons Acceptance Co. Deb. "D"	5.75	01/04/84	193,125
300,000	Simpsons Acceptance Co. Deb. "B"	6.00	15/05/81	246,000
90,000	Toronto-Dominion Bank	7.00	02/11/87	82,350
200,000	Traders Finance Note	5.75	15/09/81	153,750
350,000	Traders Finance Corp. Ltd. Ser "AB"	9.75	15/12/74	207,000
200,000	Traders Group Coll. Tr. Am. Ext. 89	5.75	01/05/84	258,125
				7,128,746
INDUSTRIAL				
350,000	Abitibi Paper Co. Ltd. Deb. "D"	9.75	01/04/90	367,500
600,000	Algoma Steel Corp. Ltd. Debs. "C"	7.375	01/10/87	552,000
200,000	Algoma Steel Corp. Ltd. Debs. "D"	8.75	31/03/91	202,500
500,000	Aluminum Co. of Can. Ltd. Deb.	9.375	02/01/91	532,500
920,000	Belledune Fertilizer 1st Mtge. "A"	9.00	15/11/87	811,900
426,000	British Titan Prod. Can. 1st Mtge. "A"	6.00	03/07/82	334,410
200,000	Bruck Mills Ltd. 1st Mtge. "B"	6.25	15/06/85	156,000
156,800	Canada Starch Co. Ltd. Equip. Tr. Cert.	6.25	01/12/85	123,872
148,000	Cdn. Chemical Co. Ltd. Deb. "A"	7.00	01/03/80	136,900
300,000	Canadian Industries Ltd. Debs.	5.75	01/12/77	261,750
239,000	Cdn. Liquidaire Properties Ltd. 1st Mtge. "A"	5.75	15/01/82	194,785
84,000	Cdn. Propane Cons. Ltd. Deb. "A"	6.50	15/08/81	73,290
222,000	Cdn. Propane Cons. Ltd. Deb. "B"	6.25	15/12/82	187,590
289,000	Canron Ltd. S/F Deb. "D"	6.75	15/05/87	250,708
100,000	Cleyn & Tinker Ltd. Debs. "A"	6.50	01/11/85	80,750
230,000	Consumers Glass Co. Ltd. 1st Mtge. "B"	5.50	15/06/78	197,800
600,000	Consumers Glass Co. Ltd. 1st Mtge. "C"	7.25	30/09/86	537,000
250,000	Dominion Foundries & Steel Ltd. Debs.	6.50	15/05/87	211,250
225,000	Dominion Steel & Coal Corp. Debs "B"	6.00	15/07/85	176,625
217,000	Domtar Ltd. Debs "D"	5.75	01/04/84	172,515
421,000	Domtar Ltd. Debs "E"	5.625	01/05/90	309,435
354,000	Domtar Ltd. Debs "F"	6.75	01/04/87	300,900
555,000	Dominion Textile Co. Debs "B"	6.75	15/04/90	455,100
800,000	Electric Reduction Company of Canada Ltd. 1st Mtge.	7.50	01/11/86	692,000
972,000	Genstar Ltd. 1st Mtge. S/F	8.00	01/06/88	903,960
164,000	James Howden & Parsons Can. 1st Mtge. "A"	6.25	15/09/81	136,940
375,000	James Howden & Parsons Can. 1st Mtge. "B"	7.00	15/07/86	316,875
175,000	Imperial Oil Ltd. Debs.	6.75	02/01/87	158,375
230,000	International Nickel Co. of Can. Ltd. Deb.	9.25	01/10/90	244,950
150,000	Kenting Ltd. Conv.	7.50	15/05/80	127,875
318,000	Millhaven Fibres Ltd. 1st Mtge. "A"	7.50	01/12/86	279,840
250,000	Miron Co. Ltd. 1st Mtge. "B"	6.00	01/08/90	178,125
500,000	Noranda Mines Ltd. 1st Mtge.	7.50	01/10/88	467,500
84,000	Nottingham Gas 1st Mtge. S/F "A"	6.375	01/06/80	72,765
300,000	Otis Elevator Co. Ltd. Can. Debs.	7.00	15/09/86	256,500
820,000	Price Co. Ltd. Debs.	5.75	01/12/82	\$ 686,750

Par Value	Schedule of Investments as at March 31, 1971	Coupon Rate %	Maturity Date	Market Value
\$250,000	Alphonse Raymond Ltée 1st Mtge. "A"	6.75	01/03/86	\$ 200,000
250,000	Hugh Russel & Sons Ltd. Sec. Deb. "A"	6.25	15/10/85	197,500
233,000	Sangamo Co. Ltd. Deb "A"	6.00	15/12/82	186,691
250,000	Silverwood Industries Ltd. Debs "A"	7.25	05/07/86	220,000
373,000	South Nelson Forest Prods 1st Mtge. "A"	6.75	01/02/84	316,118
126,000	Union Electric Supply Co. Ltd. Deb.	6.50	01/07/73	122,220
90,000	United Westburne Industries Deb. "A"	7.00	15/03/87	72,000
				12,464,064
	OIL & GAS PIPELINES			
130,000	Alberta Gas Trunkline Debs "B"	5.75	01/04/85	104,650
152,000	Interprovincial Pipeline Co. 1st Mtge. "E"	5.50	01/04/85	119,700
250,000	Trans-Canada Pipelines Sub Deb	5.85	01/01/87	195,000
183,000	Trans-Canada Pipelines 1st Mtge.	6.25	01/05/83	155,093
87,000	Trans-Canada Pipelines 1st Mtge.	5.50	01/10/78	74,168
250,000	Trans-Canada Pipelines Deb "B"	9.75	20/09/90	262,500
60,600	Trans-Northern Pipeline Note	5.50	01/12/73	57,040
				968,151
	PUBLIC UTILITIES			
500,000	Bell Canada 1st Mtge. AL	7.625	01/11/91	481,250
100,000	Bell Canada 1st Mtge. AH	6.25	01/11/88	84,875
300,000	Bell Canada 1st Mtge. U	6.00	02/01/86	252,750
200,000	Bell Canada 1st Mtge. AG	6.375	01/02/90	171,250
200,000	B.C. Telephone 1st Mtge. "K"	5.625	15/04/88	156,000
395,000	B.C. Telephone 1st Mtge. "M"	6.375	15/03/91	330,813
410,000	B.C. Telephone 1st Mtge. "I"	5.75	01/08/85	333,125
350,000	B.C. Telephone 1st Mtge.	8.25	01/03/94	350,000
500,000	Calgary Power Ltd. 1st Mtge.	7.50	01/03/88	466,250
167,000	Maritime Electric 1st Mtge.	5.75	01/12/83	132,765
220,000	Maritime Tel & Tel 1st Mtge. "K"	5.50	01/11/80	179,850
200,000	Maritime Tel & Tel 1st Mtge. "N"	6.50	15/03/87	166,500
100,000	New Brunswick Telephone Deb "G"	5.125	01/04/79	81,750
225,000	New Brunswick Telephone Deb "J"	6.50	01/09/86	188,438
300,000	Newfoundland Telephone Co. 1st Mtge.	7.00	15/12/91	255,000
127,500	Northern Telephone Ltd. Deb. "F"	5.75	01/05/83	102,319
172,000	Nova Scotia Lt. & Power 1st Mtge.	5.75	01/04/84	136,955
477,000	Que. Tel. 1st Mtge. L/Red. 15/4/75	9.125	15/04/91	493,695
125,000	Quebec Telephone 1st Mtge. "H"	5.50	01/06/87	90,625
400,000	Union Gas Co. of Canada Deb. 1967	7.00	05/01/87	364,000
305,000	Union Gas Co. of Canada Deb. 1958	5.50	01/12/77	271,450
270,000	Union Gas Co. of Canada Deb. 1963	5.75	15/08/83	224,100
				5,313,760
	REALTY			
693,000	Allied Development Corp. 1st Mtge.	6.50	01/09/96	519,750
238,000	Atlantic Properties Ltd. 1st Mtge. "A"	6.50	01/11/87	187,425
320,000	Atlantic Properties Ltd. 1st Mtge. "B"	6.25	01/07/90	240,000
619,000	Foundation Scottish Properties 1st Mtge.	6.50	01/04/95	476,630
87,000	Greenfield Pk. Shopping Pl. 1st Mtge.	6.00	04/07/87	66,990
200,000	Hudson's Bay Co. Ppties 1st Mtge. "A"	5.75	02/07/90	153,000
58,000	Les Immeubles Delrano Inc. 1st Mtge. "A"	6.75	01/12/71	57,565
61,000	Les Immeubles Delrano Inc. 1st Mtge. "A"	6.75	01/12/72	\$ 59,628



CORPORATE FIXED INCOME FUND

Par Value	Schedule of Investments as at March 31, 1971	Coupon Rate %	Maturity Date	Market Value
\$ 68,000	Les Immeubles Delrano Inc. 1st Mtge. "A"	6.75	01/12/73	\$ 65,280
70,000	Les Immeubles Delrano Inc. 1st Mtge. "A"	6.75	01/12/74	65,800
76,000	Les Immeubles Deirano Inc. 1st Mtge. "A"	6.75	01/12/75	69,920
200,000	Ivanhoe Corp. 1st Mtge. "A"	6.75	01/06/91	162,500
435,000	Liliklar Holdings Ltd.	6.50	01/12/94	328,425
118,000	Malton Leaseholds/Gtd. Imp. Oil/	6.625	15/03/80	104,283
370,000	Morgans Rockland Ctr. 1st Mtge.	6.00	01/10/82	294,150
417,000	Nairnax Ltd. 1st Mtge.	6.50	15/11/85	333,600
197,300	Press Holdings Corp. Ltd. "A"	5.75	01/07/84	148,468
129,000	Shell Properties Ltd. 1st Mtge. "A"	5.75	01/05/82	105,780
250,000	Steinbergs Realty Ltd. 1st Mtge. "A"	8.50	01/03/91	242,500
265,000	Woodbine-Sheppard Shpg. Ctr. 1st Mtge. "A"	8.125	01/08/93	251,750
				3,933,444
TRANSPORTATION				
70,000	Canadian General Transit 1st Mtge. Equip. "A"	6.00	15/03/75	63,350
70,000	Canadian General Transit 1st Mtge. Equip. "A"	6.00	15/03/76	61,775
70,000	Canadian General Transit 1st Mtge. Equip. "A"	6.00	15/03/77	60,200
70,000	Canadian General Transit 1st Mtge. Equip. "A"	6.00	15/03/78	58,800
70,000	Canadian General Transit 1st Mtge. Equip. "A"	6.00	15/03/79	57,575
70,000	Canadian General Transit 1st Mtge. Equip. "A"	6.00	15/03/82	54,600
70,000	Canadian General Transit 1st Mtge. Equip. "A"	6.00	15/03/83	53,725
70,000	Canadian General Transit 1st Mtge. Equip. "A"	6.00	15/03/84	53,025
100,000	Clarke Traffic Serv. Sec. Debs "A"	6.25	01/06/85	77,500
300,000	Hall Corp. of Canada 1st Mtge. "A"	6.25	01/06/84	237,000
358,000	Papachristidis Co. 1st Mtge. "A"	6.50	15/04/80	300,720
				1,078,270
MISCELLANEOUS				
11,580 wts.	Canadian Hydrocarbons Ltd.			75,270
				\$ 38,018,094

Average Yield to Maturity on Fund Holdings at Par Value

8.62%


CONVENTIONAL MORTGAGE FUND
STATEMENT OF FINANCIAL POSITION as at March 31

	1971	1970
ASSETS		
Mortgages at principal value	\$162,597,500	\$162,753,758
Unrealized appreciation (depreciation)	(11,325,178)	(24,327,682)
MORTGAGES AT MARKET VALUE	151,272,322	138,426,076
Cash	7,441,747	2,843,281
Accrued income receivable	790,735	946,343
OTHER ASSETS	8,232,482	3,789,624
TOTAL ASSETS	159,504,804	142,215,700
LIABILITIES		
Income payable to participants	1,450,415	981,885
Accrued expenses	1,162	75
TOTAL LIABILITIES	1,451,577	981,960
NET ASSETS AT MARKET VALUE	\$158,053,227	\$141,233,740
EQUITY		
Net subscriptions received	\$171,601,563	\$167,741,065
Cost of acquisition of mortgages	(2,223,158)	(2,179,643)
Unrealized appreciation (depreciation)	(11,325,178)	(24,327,682)
PARTICIPANTS' EQUITY	\$158,053,227	\$141,233,740
UNITS OUTSTANDING*	17,820,021	17,373,830
UNIT PRICES*	\$ 8.8694	\$ 8.1291

STATEMENT OF INCOME AND EXPENDITURE for the year ended March 31

	1971	1970
INCOME		
	\$ 12,238,490	\$ 12,280,987
EXPENSES		
Mortgage administration fees	607,075	610,887
Other expenses	7,373	1,071
	614,448	611,958
NET INCOME	\$ 11,624,042	\$ 11,669,029

*1970 figures restated to reflect 10 for 1 subdivision of units as at June 1, 1970

CONVENTIONAL MORTGAGE FUND

STATEMENT OF UNIT VALUATIONS AND INCOME

	Unit Price	Unit Income
April 1970*	\$ 8.1396	\$.0567208
May*	8.1458	.0545241
June	8.1566	.0536523
July	8.1676	.0578918
August	8.1742	.0557570
September	8.2896	.0556767
October	8.3033	.0551087
November	8.3279	.0553075
December	8.4360	.0584778
January 1971	8.5435	.0560337
February	8.6546	.0553618
March	8.8694	.0560260

Unit prices are established as at the close of business on the last day of the month and are used for the purchase or redemption of units, as at the first business day of the following month.

Unit income represents each unit's proportionate share of net income of the fund during the month indicated and is distributed to participants as at the first business day of the following month.

*Figures restated to reflect 10 for 1 subdivision of units

STATEMENT OF INVESTMENT TRANSACTIONS for the year ended March 31

	1971	1970
Investments at cost at beginning of year	\$162,753,758	\$163,037,486
New Loans	6,492,508	9,520,404
Repayments	(6,648,766)	(9,804,132)
Investments at cost at end of year	\$162,597,500	\$162,753,758

Principal Value	Schedule of Investments as at March 31, 1971	Number of Loans	Interest Rate %	Market Value
\$ 73,731		2	5.000	\$ 68,652
63,830		2	5.500	59,811
62,554		5	6.000	58,868
34,622		3	6.500	32,352
7,861,489		114	6.750	7,047,606
2,348,897		1	6.845	2,218,274
102,251		1	6.870	91,788
2,238,308		1	6.875	1,932,974
61,868,920		3,856	7.000	55,796,911
1,661,676		1	7.063	1,484,492
114,039		1	7.100	109,712
10,917		1	7.125	10,208
5,653,379		214	7.250	5,117,536
1,201,624		1	7.350	1,076,544
665,670		62	7.375	603,435
12,020,984		538	7.500	11,033,628
96,785		1	7.625	89,762
18,891,508		922	7.750	17,599,158
1,095,247		1	7.783	1,024,248
45,450		1	7.875	42,920
16,943,225		526	8.000	16,067,458
4,747,622		95	8.250	4,484,284
877,453		24	8.500	849,066
1,273,795		53	8.750	1,257,973
601,781		1	8.776	594,649
7,212,642		45	9.000	7,138,942
65,433		1	9.125	66,128
2,536,847		82	9.250	2,566,650
42,500		1	9.375	42,777
190,380		12	9.500	192,842
2,444,219		12	9.750	2,510,063
88,009		5	10.000	90,821
2,396,982		136	10.250	2,485,792
6,435,763		59	10.500	6,756,524
201,070		4	10.750	211,393
427,898		3	11.000	458,081
\$162,597,500		6,787		\$151,272,322

Average Gross Yield to Maturity on Mortgages in Fund at Market Value

9.05%

NATIONAL ASSOCIATION
H.A. MORTGAGE FUND

STATEMENT OF FINANCIAL POSITION as at March 31

	1971	1970
ASSETS		
Mortgages at principal value	\$ 24,736,792	\$ 24,840,322
Unrealized appreciation (depreciation)	(2,965,032)	(4,098,655)
MORTGAGES AT MARKET VALUE	21,771,760	20,741,667
Cash	252,058	24,462
Accrued income receivable	260,120	259,691
OTHER ASSETS	512,178	284,153
TOTAL ASSETS	22,283,938	21,025,820
LIABILITIES		
Income payable to participants	167,874	133,191
Accrued expenses	6,933	7,200
TOTAL LIABILITIES	174,807	140,391
NET ASSETS AT MARKET VALUE	\$ 22,109,131	\$ 20,885,429
EQUITY		
Net subscriptions received	\$ 25,518,283	\$ 25,428,204
Cost of acquisition of mortgages	(444,120)	(444,120)
Unrealized appreciation (depreciation)	(2,965,032)	(4,098,655)
PARTICIPANTS' EQUITY	\$ 22,109,131	\$ 20,885,429
UNITS OUTSTANDING*	2,398,031	2,388,650
UNIT PRICES*	\$.92197	\$.87436

STATEMENT OF INCOME AND EXPENDITURE for the year ended March 31

	1971	1970
INCOME	\$ 1,599,804	\$ 1,670,957
EXPENSES		
Mortgage administration fees	91,065	93,939
Other expenses	1,219	189
	92,284	94,128
NET INCOME	\$ 1,507,520	\$ 1,576,829

*1970 figures restated to reflect 10 for 1 subdivision of units as at June 1, 1970

STATEMENT OF UNIT VALUATIONS AND INCOME	Unit Price	Unit Income
April 1970*	\$ 8.7525	\$.0526669
May*	8.7933	.0526304
June	8.7700	.0532228
July	8.7803	.0491236
August	8.7927	.0506683
September	8.8016	.0553930
October	8.8106	.0527513
November	8.8197	.0527423
December	8.8326	.0529759
January 1971	8.9627	.0530944
February	8.9720	.0526206
March	9.2197	.0544876

Unit prices are established as at the close of business on the last day of the month and are used for the purchase or redemption of units, as at the first business day of the following month.

Unit income represents each unit's proportionate share of net income of the fund during the month indicated and is distributed to participants as at the first business day of the following month.

*Figures restated to reflect 10 for 1 subdivision of units.

STATEMENT OF INVESTMENT TRANSACTIONS for the year ended March 31	1971	1970
Investments at cost at beginning of year	\$ 24,840,322	\$ 25,846,962
New Loans	752,561	
Repayments	(856,091)	(1,006,640)
Investments at cost at end of year	\$ 24,736,792	\$ 24,840,322

Principal Value	Schedule of Investments as at March 31, 1971	Number of Loans	Interest Rate %	Market Value
\$ 33,797		5	5.00	\$ 29,239
764,752		83	6.00	665,360
6,340,153		533	6.25	5,404,569
7,027,539		620	6.50	6,144,611
9,819,045		886	6.75	8,763,990
751,506		31	9.750	763,991
\$ 24,736,792		2,158		\$ 21,771,760

Average Gross Yield to Maturity on Mortgages in Fund at Market Value

9.01%



The earning power of a pension fund is a major determinant of a company's ability to provide adequate pensions for its employees at acceptable cost despite steadily increasing living standards and ever rising living costs. The measurement and analysis of investment performance figures has, in recent years, become an important tool in assessing the ability of a fund to keep pace with current economic conditions.

The basic ingredients of a performance analysis system are monthly or quarterly rates of return calculated from cash flow data and periodic market valuations on either an "internal" or a "time-weighted" basis.

The "internal" rate of return is simply that constant interest rate which, if applied to each contribution to the fund for the period of time since it was received, would produce the actual market value of the fund at the period's end. It reflects the true earning power of the fund during the period considered, but since it is dependent upon the particular pattern of contributions to the fund it is unsuitable for comparisons between different funds.

The "time-weighted" rate of return eliminates entirely the effects of cash flow, thereby putting all funds on a comparable basis. It is the average rate at which the initial value of the fund has compounded over the period of time considered. Since it gives equal weight to the experience of the fund in each sub-period it is a more valid basis from which to project the possible growth of the fund in the future.

By utilizing well-established statistical techniques it is possible to derive a number of revealing characteristics of the fund. Risk levels and changes in risk levels can be determined. The rate of return can be broken down into that portion which was due simply to the assumption of risk, and that portion which is attributable to asset selection. Measures of the consistency of performance can also be obtained from the basic data.

Ranking funds according to these various characteristics indicates which funds are significantly different from the others. A lower return than the average may indicate simply the expressed desire of the fund owner for a lower level of risk, and this must be allowed for in assessing the quality of the fund's management. It is the residual rate of return, after allowance for the effects of greater or less risk assumption that is primarily of interest in evaluating fund management.

Funds which show a risk-adjusted return markedly different from the typical may be isolated by the ranking process for more detailed study. Careful diagnosis of the transactions undertaken during a period of time may often reveal a great deal about the strengths, weaknesses and biases of the individual portfolio manager.

The comprehensive analysis and monitoring of investment performance, utilizing the more sophisticated capabilities of the computer, is still a very new field. Royal Trust has been one of the pioneers in this area in Canada, and we expect to be developing techniques of increasing power and value as time goes on.

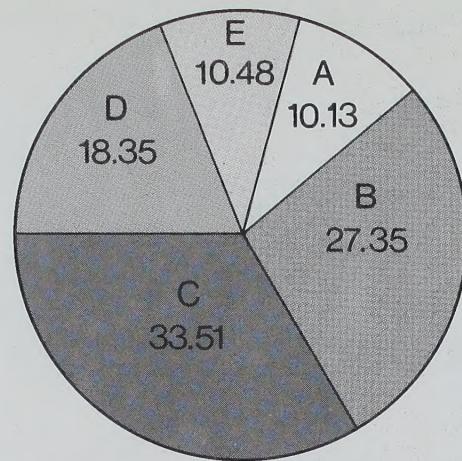


MORTGAGES

In the management of the mortgage funds every effort is made to maintain a prudent diversification of mortgages by type, maturity and geographical distribution. Strong emphasis is placed on residential mortgages. The N.H.A. fund is wholly invested in residential loans with 91.3% of assets directed to single family dwellings and the balance in duplexes and multiple dwellings.

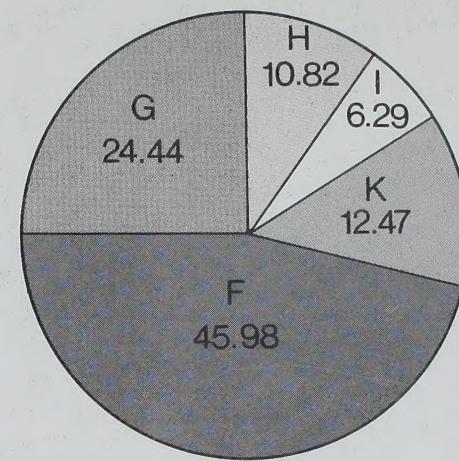
The provincial distribution of loans and the composition of mortgage holdings by property type for the Conventional Mortgage Fund is indicated by the following illustrations.

MORTGAGE DISTRIBUTION BY PROVINCE



A Newfoundland and Maritimes
B Quebec
C Ontario
D Prairie Provinces
E British Columbia

MORTGAGE DISTRIBUTION BY PROPERTY TYPE



F Houses-Duplex
G Multiple Dwellings
H Commercial
I Industrial
K Shopping Centres and Other



CLASSIFIED FUNDS

INVESTMENT PERFORMANCE

COMMON STOCK FUNDS

Note: The original common stock fund was split in April 1966 and all figures prior to that date assume that 70% was invested in the Canadian Common Stock Fund and 30% in the Foreign Common Stock Fund. Since that date, the division of the monthly contributions of \$1,000 is allocated in the same ratio as contributions received by the two funds.

The chart below reflects the continuous investment results of a hypothetical monthly investment of \$1,000 with reinvested income for eleven different periods. The results reflected in this

chart are based on unit values as at March 31, 1971, and are not necessarily indicative of results determined to any other date.

200,000

150,000

100,000

50,000

Period beginning

	April 1 1970	April 1 1969	April 1 1968	April 1 1967	April 1 1966	April 1 1965	April 1 1964	April 1 1963	April 1 1962	April 1 1961	April 1 1960
March 31/71 Market Value	14,324	27,098	39,860	53,826	69,625	84,634	100,933	120,645	143,714	166,439	193,521
Appreciation	2,074	2,269	2,109	2,721	4,594	5,411	6,965	10,959	17,247	22,854	31,334
Income	250	829	1,751	3,105	5,031	7,223	9,968	13,686	18,467	23,585	30,187
Contributions	12,000	24,000	36,000	48,000	60,000	72,000	84,000	96,000	108,000	120,000	132,000

CORPORATE FIXED INCOME FUND

The chart below reflects the continuous investment results of a hypothetical monthly investment of \$1,000 with reinvested income for eleven different periods. The results reflected in this

chart are based on unit values as at March 31, 1971, and are not necessarily indicative of results determined to any other date.

200,000

150,000

100,000

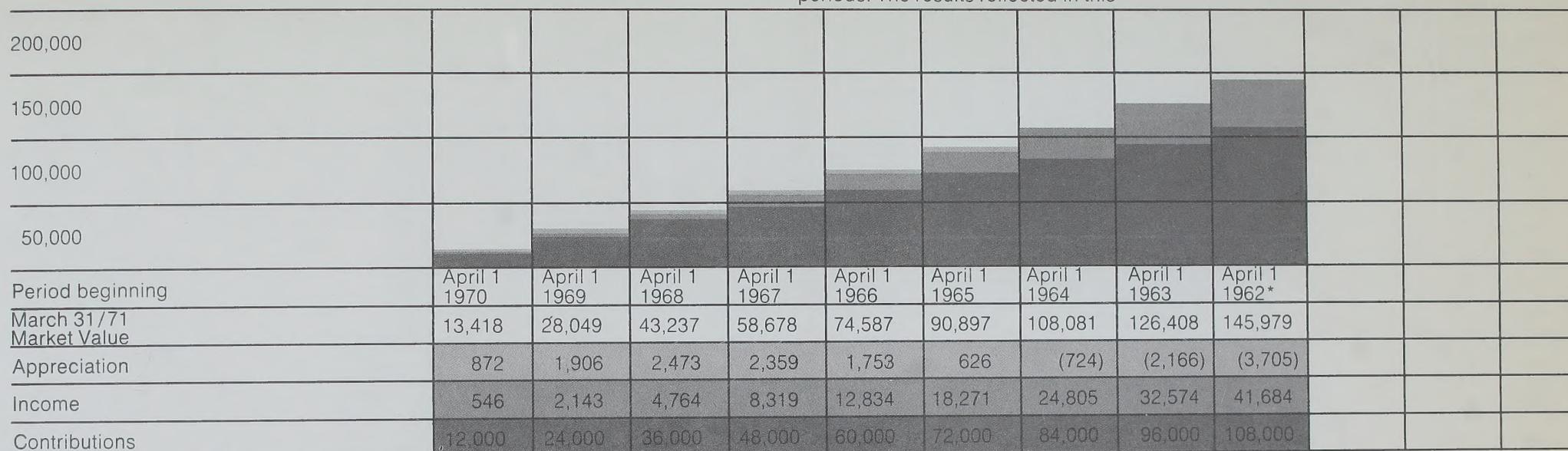
50,000

Period beginning

	April 1 1970	April 1 1969	April 1 1968	April 1 1967	April 1 1966	April 1 1965	April 1 1964	April 1 1963	April 1 1962	April 1 1961	April 1 1960
March 31/71 Market Value	13,460	28,094	42,751	57,489	72,376	89,411	103,026	119,553	137,197	155,868	176,008
Appreciation	902	1,956	2,121	(475)	261	372	(3,841)	(6,186)	(8,587)	(11,135)	(13,654)
Income	558	2,138	4,630	9,964	12,115	17,039	22,867	29,739	37,784	47,003	57,662
Contributions	12,000	24,000	36,000	48,000	60,000	72,000	84,000	96,000	108,000	120,000	132,000

The chart below reflects the continuous investment results of a hypothetical monthly investment of \$1,000 with reinvested income for nine different periods. The results reflected in this

chart are based on unit values as at March 31, 1971, and are not necessarily indicative of results determined to any other date.



*Fund Commenced operation June 1961



OFFICES

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630 Dorchester Blvd. W.

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The Royal Trust Building, 139 Water St.
Millbrook Shopping Centre
1648 Hollis Street
72 University Ave.
Brunswick House, 1 King Street

QUEBEC REGION

Montreal,
630 Dorchester Blvd. W.

Quebec	Trois-Rivières Sherbrooke Montreal
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Place Laurier Shopping Centre
154 Radisson Street
25 Wellington St. North
630 Dorchester Blvd. West
4145 Sherbrooke Street W.
6991 St. Hubert Street

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	Hamilton Kitchener - Waterloo St. Thomas Woodstock London, Ont. Strathroy Forest Petrolia Sarnia	2247 Yonge Street 32 Humbertown Shopping Centre 81 St. Clair Ave. East 105 Main Street East 105 King Street East 525 Talbot Street 453 Dundas Street 137 Dundas Street 72 Frank Street 161-165 King Street 4186 Petrolia Street 197 N. Front Street 1365 Colborne Road 350 Queen Street East 202 Arthur Street Suite 207, Canada Building, 374 Ouillett Ave.
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Royal Trust

Canada's Leading Trustee of Pension Funds